

Issues/Decision Paper

DRAFT

BadgerCare Plus Program
WI Department of Health and Family Services
DHCF/SO

Issues Recommendations Summary

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BadgerCare Plus Steering Committee

For discussion at BadgerCare Plus Advisor Meeting – August 7th

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1 Prevention Strategies

1.1 Issue

In keeping with the Department's goal of promoting prevention and early intervention services to improve health outcomes for children and pregnant women, a decision is needed with regard to whether current prevention benefits should be extended to children and pregnant women above 200% of FPL and, if so, what benefits. The Department must also decide whether to add new prevention benefits to BadgerCare Plus and, if so, what benefits.

1.2 Recommendation

The Steering Committee recommends expanding the benefits under the Benchmark plan to include cost-effective benefits that target prevention of high cost, chronic health conditions, as highlighted below, and extend to the expansion population of pregnant women at high risk of poor birth outcomes as specified (conditional on further cost analysis and assessment of effectiveness). These expanded benefits are also linked to the Department's Healthy Birth Outcomes Initiative.

Two targeted areas for benefit expansion were proposed— preventive mental health/AODA and smoking cessation efforts. Both are designed to prevent or reduce the on-set of high cost, chronic health conditions and improve health outcomes for pregnant women and children.

The Steering Committee recommends enhancing the Department's authority to provide enhanced benefits to pregnant women, such as PNCC, by adding mental health/substance abuse prevention counseling and extending this coverage to pregnant women determined to be at high risk for poor birth outcomes with incomes above 200% of FPL. The cost is minimal, the population highly targeted, and the service clearly defined and defensible as cost-effective.

The Steering Committee also recommends expanding current smoking cessation benefits and extending them to high risk pregnant women with incomes above 200% of FPL. The new benefit package would add group and telephone counseling, and nicotine gum. The gum and patches would be available via prescription or over-the-counter. The telephone counseling (e.g., Quitline) recommendation is pending further research and review to analyze federal claiming and cost effectiveness. This will assure better outcomes for pregnant women, infants, and young children. While a cost estimate has not been done, the impact of expanding this benefit may be minimal, as therapies are customized for individuals (e.g., expanding formulary to include five rather than three drugs does not mean an individual will use all five) and may be partially offset by savings in the Quitline.

2 Farmer & Self-Employed Enrollment

2.1 Issue

The state must decide whether and to what degree we change income budgeting or other rules to allow more farmers and other self-employed persons into BadgerCare Plus (BC+). Five alternatives considered include:

- 1) No change from present policy, other than expanding coverage for children, pregnant women and other caretakers through BadgerCare Plus.
- 2) Allow some portion of depreciation expenses to be deducted from self-employment income.
- 3) Allow all depreciation expenses to be deducted from self-employment income.
- 4) Allow buy-in for ineligible farmers/self-employed.
- 5) Allow buy-in for select ineligible farmers/self-employed

2.2 Recommendation

Option 5 is recommended – Allow certain self-employed parents, including farmers, to buy into BadgerCare Plus. For non-pregnant parents in a self-employed family who are ineligible for BadgerCare Plus because their family income, *without* a deduction for depreciation expenses, exceeds 200% of the FPL income limit, but whose family income, *with* depreciation expenses deducted, does not exceed 200% of the FPL income limit, we would allow them to buy into BadgerCare Plus. Their premium would be 5% of their gross income *with* depreciation.

While further study of the impact on HMO rates must be done, it is important to provide Wisconsin's farm parents and other self-employed parents the ability to attain affordable health care coverage without creating an environment encouraging the crowd-out of private health insurance coverage.

3 Youths Leaving Out of Home Care

3.1 Issue

The State must decide on whether the BadgerCare Plus program should be expanded to include children who are 'aging out' of the child welfare system. This is a group that has a significantly increased risk of mental illness, substance abuse, homelessness, pregnancy, and imprisonment. Continued health care coverage is one safety net component that can be provided under an option in federal Medicaid law.

Alternatives considered included:

- 1) Do not expand BadgerCare Plus to this group
- 2) Expand eligibility to all youths
- 3) Phase in eligibility by age cohort
- 4) Limit eligibility to youths in out of home care (OHC) for at least one year
- 5) Limit eligibility to youths previously eligible for Title IV-E
- 6) Limit eligibility to youths in OHC for at least one year and previously eligible for Title IV-E

3.2 Recommendation

The workgroup recommends phasing in eligibility for youths leaving foster care by age cohort. This allows individuals who turn 18 while in out-of-home care (not just limited to IV-E or those in OHC for at least the last 12 months) to become BadgerCare Plus eligible through a phased-in approach. In the first year, youths age 19 or younger would be MA eligible. In the second year, youths age 20 or younger would be MA eligible. The total estimated cost for this proposal will be \$927,900 AF (\$413,300 GPR) in FY08 and \$2,007,600 AF (\$854,100 GPR) in FY09. This option is the simplest to implement and administer, provides care that is desperately needed by these young adults, while limiting costs in the current biennium.

4 Interplay of BadgerCare Plus and Family Planning Waiver

4.1 Issue

The State needs to decide how BadgerCare Plus affects the Family Planning Waiver. Family Planning Waiver income eligibility methodology currently mirrors our Family Medicaid, Healthy Start and BadgerCare methodology. Women, ages 14 to 44, which are ineligible for non-financial or financial reasons for Family Medicaid, Healthy Start and BadgerCare, are tested for Family Planning Waiver. If the State changes the income methodology in BadgerCare Plus, should the changes be made to the Family Planning Waiver income methodology to mirror those of the BadgerCare Plus changes?

4.2 Recommendation

The recommendation is to adopt the BadgerCare Plus (BC+) income methodology for the Family Planning Waiver (FPW). In the interest of keeping the FPW consistent with BC+, eligibility would be determined by allowing two deductions from a family's gross income and comparing the net amount to 200% of the FPL. Currently, eligibility is determined for the FPW at 185% of the FPL. All disregards, except a modified Student Earned Income (SEI) disregard and the current Support Payment Disregard would be eliminated. The SEI disregard would be modified to ignore the earned income of any minor under 18, effectively exempting the income for all children.

This approach allows approximately 6,253 more women to participate and avoid unintended pregnancies, in keeping with the program's goal of decreasing unintended births for women who could potentially become Medicaid recipients. With family planning costs of \$172.42 per person according to the 2003 FPW annual report, costs to the program could total \$1,078,142 (\$172.42 x 6,253 new participants). These costs would be offset by the savings associated with decreasing unintended births for the 6,253 newly eligible women and the added administrative simplicity of aligning BadgerCare Plus and the Family Planning Waiver program.

5 Intake Options / Verification Policies

This topic is the result of two separate issue papers and a subsequent integration analysis report. Below are summaries for the three.

5.1 Intake Options

5.1.1 Issue

The State needs to decide how individuals will apply for and be determined eligible for BadgerCare Plus. Considerations include alternative ways to automatically enroll children, including through the reduced/free school meals programs, through the EITC program administered by the Department of Revenue, through the WIC program, or other public assistance programs. The State must also determine whether to allow a presumptively eligibility process for BadgerCare Plus eligible children and caretaker relatives, including parents.

The options considered included:

- 1) Automatic referral of families eligible for other programs
- 2) Automatic enrollment of families eligible for other programs.
- 3) Presumptive eligibility (PE) for all.
- 4) Combine auto enrollment with presumptive eligibility.
- 5) Presumptive eligibility for kids < 150% FPL and pregnant women.
- 6) No change from the existing methods of filing applications.

5.1.2 Recommendation

The steering committee recommends option 5. BadgerCare Plus would allow the determination of presumptive eligibility by qualified providers and other entities (e.g., Head Start, WIC, schools, etc.) for children under age 19 with family incomes that do not exceed 150% of FPL. Once a provider determines a child eligible under presumptive eligibility, the child will remain eligible for up to two months. The provider will be expected to use ACCESS to perform the presumptive eligibility determination and certification. (We are currently automating the PE determination and certification for pregnant women and for women under the Family Planning Waiver). In addition, the initial provider will be expected to help the family apply for BadgerCare Plus using ACCESS or a mail-in application form.

5.2 Verification – Income & Health Insurance

5.2.1 Issue

The Department must establish policy relative to the verification of financial information (e.g., wages) and non-financial information (e.g., health insurance access and coverage, etc.) provided by BadgerCare Plus applicants and recipients. Options that were considered to accomplish this verification and documentation include:

1. Self-declaration of income and health insurance; no verification required
2. Self-declaration of income and health insurance; verification only if questionable
3. Mandatory verification of income and health insurance; use automated data matching whenever possible, including a new Employer Health Insurance Database and matching process.

5.2.2 Recommendation

The Steering Committee recommends Option 3—*Mandatory verification of income and health insurance; use automated matching whenever possible, including a new Employer Health Insurance Database and matching process.* The Department has conducted three separate MEQC studies, each of which indicates problems or potential problems with unverified income. The Department also recognizes that the current BadgerCare employer verification process has proven to be a significant hurdle for applicants and recipients since it was implemented several years ago. Further, employers view the current process as an administrative hassle and too often do not cooperate, or do not cooperate timely. Option 3 is supported by study data, as well as historical program operations, and represents the best balance between ease of application and program integrity.

5.3 Intake & Verification Integrated Recommendation

5.3.1 Issue

Refer to the previous issues of Verification Policies and Intake Options. This represents the integration of the two individual recommendations.

Intake Recommendation—no change from 5.1.2 above.

Verification of Health Insurance Access and Coverage Recommendation

The steering committee recommends that the current employer verification process be eliminated. A new process will be implemented to ensure that only eligible persons are enrolled in BadgerCare Plus, but without creating an artificial administrative barrier to eligibility. The process envisioned is described below.

- The eligibility worker will verify health insurance access and coverage directly with the employer when a family meets all of the other BC+ eligibility requirements and has family income above 150% of FPL. This verification will occur at application, at the annual review, when a new job is reported, and when the family's income increases.
- The state will establish a database that will include all employers of BadgerCare Plus adults. Each employer will supply the following on at least an annual basis. (Note: We hope to offer employers the option of updating their information on a secure web site.)
 - A contact name, address, e-mail, fax and phone number
 - Whether the employer offers access to employer-subsidized health insurance for families where the employer pays 80% or more of the premium for any employees
 - If they offer 'affordable' coverage (see above), what type of employee is eligible for that type of coverage, including minimum number of hours, job title, job locations, etc.
 - When coverage is offered (open enrollment period, new employees, etc.)
- When determining BadgerCare Plus eligibility, the automated eligibility system will check on the employer information for employers listed by BadgerCare Plus to determine if additional documentation is needed. Where the information indicates that the individual does not have access to affordable insurance, the individual (and family) will have passed the 'access' eligibility requirement.
- When the data has not been supplied by the employer or has not been updated, the employer will be sent a form asking for specific information about the employed adult. The employer must return the form in a timely fashion (as defined in law or rule). If the employer does not respond within the time period defined, the individual and family will have passed the 'access' requirement and the employer will be penalized financially, as is the case under current law. A specific financial penalty has not been defined, but the penalty will need to be sufficient to discourage employers from paying the penalty in lieu of providing health care coverage to that employee. (It has been suggested that we look at charging the full per member per month cost for the family to the employer as a penalty).

Employment Verification of Income Recommendation

In addition, the steering committee recommends that both job and other income be verified using automated data matches with current data (social security benefits, SSI, child support income, etc.) when available or, when those data matches are not available, applicants and recipients must verify their earnings and other income.

5.3.2 Recommendation (integrated)

Insurance Access and Coverage Requirements - Because the presumptive eligibility for children is limited to children with family income below 150% of the FPL and pregnant women, there is no conflict between the insurance access and coverage eligibility requirement recommendations and the presumptive eligibility recommendation. Children with family income below 150% of the FPL and pregnant women, regardless of income, do not have an 'affordable' coverage or access requirement, other than retaining their coverage if they have it when they apply. The only potential issue is where the presumptive eligibility determination is incorrect and the child is included with income greater than 150% of the FPL.

Premium Requirement – Children with family income below 200% of the FPL do not have a premium obligation. Pregnant women with incomes above 200% of the FPL will have a premium requirement. The steering committee recommends that this population (pregnant women) be allowed to receive a limited PE benefit (ambulatory prenatal care) and not be required to pay any premium until they are determined eligible under the regular BadgerCare Plus program in order to further the goals of the Department's Healthy Birth Outcomes Initiative.

6 Insurance Access & Eligibility

6.1 Issue

This paper explores the options and makes a recommendation on how access to an employer's health insurance plan will affect BadgerCare Plus eligibility. There is one basic issue: Should access to an employer's plan look at family coverage only or should it look at individual and family coverage?

- 1) Family and individual access
- 2) Family access only

6.2 Recommendation

The Steering Committee recommends both Family and Individual Access. The goal of BadgerCare Plus is to provide health insurance coverage to parents, caretaker relatives, pregnant women, and children under age 19 who are without health insurance coverage or who cannot afford insurance to which they may have access. By ignoring employer-subsidized insurance for individuals, we are diluting the message that BadgerCare Plus is for the uninsured and for those without access to affordable insurance.

7 Risk Assessment Optional Enrollment

7.1 Issue

The State needs to decide if it should utilize the current Wisconsin New Enrollee Health Needs Assessment (NEHNA) health risk assessment survey and its current administration/data sharing system for enrollees in the BadgerCare Plus population. Or, shall modifications to the tool and the administration/data sharing system be considered prior to implementation of the BadgerCare Plus program?

7.2 Recommendation

The Steering Committee recommends extending the use of the current NEHNA survey and administration/data sharing mechanism to the BadgerCare Plus population. This could be incorporated into the online ACCESS application and will also be included as part of in-person interviews. The simple survey will assist the Department in collecting baseline data about the BadgerCare Plus population. The Steering Committee also suggested adding a question about health concerns about children.

8 Cost Effectiveness with Employer Plan

8.1 Issue

The State must decide how to determine cost-effectiveness for premium assistance employer insurance buy-in for BadgerCare Plus eligible populations. The BadgerCare Plus Initiative hopes to maximize employer-sponsored insurance whenever it is cost effective to do so. State and federal subsidized premium assistance is one strategy for meeting this goal and reducing the impact of crowd out. Generally, the cost effectiveness test must demonstrate that the cost of covering an eligible family or individual under private insurance is no more than the cost of covering the family or individual under Medicaid. Determination methods considered included:

- 1) Cost effectiveness with no cost sharing for state sponsored insurance—this option would require that when looking at the cost effectiveness of buying an individual or family into employer-sponsored insurance, the State look at the cost of the Medicaid benefit absent of a member cost share for the State-sponsored plan
- 2) Cost effectiveness with equivalent cost sharing for both employer and state sponsored insurance—this option would require that when looking at the cost effectiveness of buying an individual or family into an employer-sponsored plan, the State look at the cost of Medicaid assuming symmetrical member cost sharing for both the employer-sponsored plan and Medicaid as is current practice.

8.2 Recommendation

It is recommended that the Department adopt alternative 2 for determining cost effectiveness for both individuals and families. This option maintains current policy and provides a financially balanced equation for determining the true cost comparison of State-sponsored insurance to employer-sponsored plans. In addition, it is fairer and should be constructive in discussions with CMS concerning conditions for providing premium assistance.

9 Restrictive Re-Enrollment Period

9.1 Issue

The Department must decide whether to retain the current BadgerCare program policy relative to restrictive re-enrollment, modify it in the area of good cause, or abandon restrictive re-enrollment altogether. Restrictive enrollment occurs when a BadgerCare recipient fails to pay their monthly premium. When this occurs, the recipient is terminated and may not re-enroll for six months.

9.2 Recommendation

The recommendation is to retain the current restrictive re-enrollment policy for all enrollees with incomes above 150% of FPL. The public has a reasonable expectation that individuals, who can afford to do so, pay their fair share. To eliminate the restrictive re-enrollment tool would leave the Department with no means of meeting this expectation. Over time, an inequity would develop between the majority of people, who pay regularly, and the few (at the same income level) who do not. Further, modifying the program to standardize certain good cause reasons would eliminate flexibility that local agencies and the Department currently have to consider individual circumstances in determining whether good cause exists in a specific case. Finally, eliminating the policy altogether could increase BadgerCare Plus expenditures.

10 Change & Renewal Options

10.1 Issue

The State must determine what and when changes must be reported by BadgerCare Plus participants, as well as how often a request for eligibility renewal must occur. Five potential alternatives were presented:

- 1) Status quo
- 2) Reduced change reporting (similar to FoodShare)
- 3) Continuous eligibility
- 4) Annual renewals
- 5) Annual renewals with six month interim reporting

10.2 Recommendation

Change Reporting – Option 2—Reduced Reporting. This option is a happy medium between the current change reporting requirement and continuous eligibility. It lowers barriers to participation and administrative costs, while maintaining a higher level of program integrity without greatly increasing benefit costs. Routine data matches would also continue to occur.

Renewal – Option 4—Annual Renewal. The SMRF doesn't reduce complexity, it adds to it. An annual renewal will keep the program administratively simple. In addition, with an ACCESS Renewal Tool and preprinted renewals we can work to eliminate many of the gaps in coverage that occur when families are unable to complete the renewal process in a timely manner.